

BEFORE THE BOARD OF PUBLIC ACCOUNTANTS
DEPARTMENT OF LABOR AND INDUSTRY
STATE OF MONTANA

In the matter of the proposed amendment)	NOTICE OF PUBLIC HEARING
of ARM 24.201.301, 24.201.401, 24.201.410,)	ON PROPOSED AMENDMENT,
24.201.415, 24.201.501, 24.201.502,)	ADOPTION, AND REPEAL
24.201.510, 24.201.516 through 24.201.518,)	
24.201.524, 24.201.528, 24.201.529,)	
24.201.535, 24.201.704 through 24.201.707,)	
24.201.709, 24.201.710, 24.201.720,)	
24.201.723, 24.201.726, 24.201.1102,)	
24.201.1106, 24.201.1107, 24.201.1108,)	
24.201.1111, 24.201.1115, 24.201.2137,)	
24.201.2401, 24.201.2410, 24.201.2411,)	
adoption of NEW RULE I through NEW)	
RULE V, and repeal of 24.201.506,)	
24.201.511, 24.201.512, 24.201.715 through)	
24.201.717, and 24.201.719, all pertaining to)	
accounting)	

TO: All Concerned Persons

1. On September 5, 2008, at 10:00 a.m., a public hearing will be held in B-07, 301 South Park Avenue, Helena, Montana to consider the proposed amendment, adoption, and repeal of the above-stated rules.

2. The Department of Labor and Industry (department) will make reasonable accommodations for persons with disabilities who wish to participate in this public hearing or need an alternative accessible format of this notice. If you require an accommodation, contact the Board of Public Accountants (board) no later than 5:00 p.m., on August 29, 2008, to advise us of the nature of the accommodation that you need. Please contact Susanne Criswell, Board of Public Accountants, 301 South Park Avenue, P.O. Box 200513, Helena, Montana 59620-0513; telephone (406) 841-2389; Montana Relay 1-800-253-4091; TDD (406) 444-2978; facsimile (406) 841-2323; e-mail dlibsdpac@mt.gov.

3. GENERAL STATEMENT OF REASONABLE NECESSITY: As part of the biennial review of its administrative rules as required by 2-4-314, MCA, the board is proposing revisions throughout the rules. Some of the proposed amendments are technical in nature such as substituting modern language for archaic phrasing, updating grammar and language choices, and deleting unnecessary or redundant sections. Other changes replace out-of-date terminology for current language and processes, substitute gender neutral terms for gender specific language, and amend rules and catchphrases for accuracy, consistency, simplicity, better organization, and ease of use. The board is also amending throughout to substitute gender neutral terms for gender specific language, and to correct punctuation, earmarking,

and references to MCA or rule sections in compliance with ARM formatting requirements. Authority and implementation cites are being amended throughout to accurately reflect all statutes implemented through the rules, to provide the complete sources of the board's rulemaking authority, and to delete references to repealed statutes. Accordingly, the board determined there is reasonable necessity to generally amend and repeal certain existing rules and adopt new rules at this time. Where additional specific bases for a proposed action exist, the board will identify those reasons immediately following that rule.

4. The rules proposed to be amended provide as follows, stricken matter interlined, new matter underlined:

24.201.301 DEFINITIONS ~~(4)~~ For purposes of these rules the following terms have the meanings indicated:

~~(a)(2)~~ "Client" –The means the person, entity, or enterprise whether organized for profit or not, which retains a permit holder for the performance of professional services. A client may be an entity served by governmental or nongovernmental agencies performing services similar to public accounting firms.

~~(b)(4)~~ "Firm" –A means a proprietorship, partnership, or professional corporation engaged in the practice of public accounting.

~~(c)(10)~~ "Report" – (when used with reference to financial statements), means an opinion, report, or other form of language which states or implies assurance as to the reliability of any financial statements (examples include audits, reviews, and compilations) and which also includes or is accompanied by any statement or implication that the person or firm issuing it has special knowledge or competence in accounting or auditing. Such a statement or implication of special knowledge or competence may arise from use by the issuer of the report of names or titles indicating that ~~he~~ the person or the firm is an accountant or auditor, or from the language of the report itself. The term "report" includes any form of language which disclaims an opinion when such form of language is conventionally understood to imply any positive assurance as to the reliability of the financial statements referred to and/or special competence on the part of the person or firm issuing such language; and it includes any other form of language that is conventionally understood to imply such assurance and/or such special knowledge or competence.

~~(d)(1)~~ "Certificate holder" –A means a person holding a CPA certificate issued by the board pursuant to 37-50-302, MCA.

~~(e)(6)~~ "License holder" –A means a person holding a license issued by the board pursuant to 37-50-303, MCA.

(7) "NASBA" means the National Association of State Boards of Accountancy.

~~(f)(8)~~ "Permit holder" –A means a person holding an annual permit to practice public accounting issued by the board pursuant to 37-50-314, MCA.

~~(g)(5)~~ "Licensee" –A means a certificate, license, or permit holder.

~~(h)(9)~~ "Professional services" –Any means any services performed or offered to be performed by a permit holder for a client in the course of the practice of public accountancy.

~~(i)~~(3) "Financial statement"—A means a presentation of financial data, derived from accounting records and intended to communicate an entity's economic resources or obligations at a point in time, or the changes therein for a period of time. Financial presentations included in tax returns are not financial statements for purposes of this definition. Financial statements include, but are not limited to, the following:

- ~~(i)~~(a) balance sheet;_i
- ~~(ii)~~(b) statement of income;_i
- ~~(iii)~~(c) statement of retained earnings;_i
- ~~(iv)~~ statement of changes in financial position;
- ~~(v)~~(d) statement of changes in owners' equity;_i
- ~~(vi)~~(e) financial forecasts, projections, and similar presentations;_i
- ~~(vii)~~(f) statement of assets and liabilities (with or without owners' equity accounts);_i
- ~~(viii)~~(g) statement of revenue and expenses;_i
- ~~(ix)~~(h) summary of operations;_i
- ~~(x)~~(i) statement of operations by product lines;_i
- ~~(xi)~~(j) statement of cash receipts and disbursements;_i and
- ~~(xii)~~(k) statement of cash flows.

AUTH: 37-50-203, MCA

IMP: 37-50-203, MCA

REASON: The board is amending this rule to add the definition of the National Association of State Boards of Accountancy for consistent use of the term throughout the rules. It is reasonable and necessary to delete the statement of changes in financial position from the definition of financial statement as it is an outdated standard that is no longer required in current accounting standards.

24.201.401 BOARD MEETINGS (1) The ~~chairman~~ presiding officer shall preside at all meetings and shall perform such duties as the board may direct. At any meeting at which the ~~chairman~~ presiding officer is absent, the members present will, by a majority vote, select a temporary ~~chairman~~ presiding officer for the meeting.

(2) remains the same.

(3) Meetings shall be held, after reasonable notice, at the call of the ~~chairman~~ presiding officer or of any two members of the board.

AUTH: 37-50-201, 37-50-203, MCA

IMP: 37-50-201, 37-50-203, ~~37-50-315~~, MCA

24.201.410 FEE SCHEDULE (1) through (1)(d) remain the same.

~~(e) Reissue of certificate or license~~ 15

~~(f)~~(e) Application as ~~candidate~~ applicant for examination 25

(g) and (h) remain the same but are renumbered (f) and (g).

~~(i)~~(h) Fees for ~~PMP~~ profession monitoring program reviews:

(i) through (i)(iv) remain the same but are renumbered (i) through (h)(iv).

(j) through (k)(ii) remain the same but are renumbered (i) through (j)(ii).
(2) and (3) remain the same.

AUTH: 37-1-134, 37-50-203, 37-50-204, 37-50-323, MCA

IMP: 37-1-134, 37-1-141, 37-50-204, 37-50-314, 37-50-323, MCA

REASON: It is reasonably necessary to amend this rule and delete the fee for reissuing a license. This standardized fee is a department established administrative fee, per 37-1-130, MCA, and is properly set forth in department rule at ARM 24.101.403.

24.201.415 USE OF CPA/LPA DESIGNATION (1) Certificate or license holders not otherwise in the practice of public accounting, but providing financial or consulting services to the public, must have permits to practice, if they hold themselves out to the public in any manner as a CPA or LPA.

(2) Certificate or license holders working for nonpublic accounting employers shall not use their CPA or LPA designations when presenting employer reports to outside parties unless they maintain a permit to practice.

AUTH: 37-1-131, 37-50-203, MCA

IMP: 37-1-131, 37-50-203, 37-50-301, MCA

24.201.501 EDUCATION REQUIREMENTS (1) ~~A candidate~~ An applicant who has a ~~previously approved and unexpired application~~ examination scores for an examination administered prior to or in May, 1996, or ~~a candidate~~ an applicant who ~~applied by~~ wishes to transfer of grades for an examination taken prior to or in May of 1996, must, prior to certification or licensure, have graduated from a college or university accredited then (or at the time of the applicant's graduation) to offer:

(a) remains the same.

(b) a baccalaureate degree, with a concentration other than accounting, if supplemented by experience and which the board determines that an considers to be an equivalent education ~~has been achieved~~; or

(c) a baccalaureate degree, with a concentration other than accounting, if supplemented by related courses in other areas of business administration and which the board determines that considers to be an equivalent education ~~has been achieved~~;

(d) a concentration in accounting will be interpreted by the board to include 24 semester hours (36 quarter hours) of accounting, auditing, and tax courses, and 18 semester hours (27 quarter hours) in other areas of business such as business law, management, marketing, economics, and finance. The 18 semester hours (27 quarter hours) shall include no more than six semester hours (nine quarter hours) in one area;

(e) supplemental experience will be interpreted by the board to be five years of employment by a public accounting firm, or five years of employment in industry or government in a responsible financial position; ~~and the board determines that an equivalent accounting education has been achieved.~~

(f) a concentration, other than accounting, if supplemented by related courses in other areas of business, will be interpreted by the board to include 12 semester hours (18 quarter hours) of accounting, auditing, and tax courses and nine semester hours (14 quarter hours) in other areas of business such as business law, management, marketing, economics, and finance. The nine semester hours (14 quarter hours) shall include no more than three semester hours (five quarter hours) in one area.

(2) ~~A candidate for examination, to be approved to sit for the examination, who submits an initial application~~ An applicant who has examination scores for an examination administered in November, 1996 or May, 1997, or ~~a candidate an applicant who applies by wishes to~~ transfer of grades obtained for November, 1996 or May, 1997 examinations, must have completed 24 semester hours (36 quarter hours) of accounting, auditing, and tax courses, and 18 semester hours (27 quarter hours) in other areas of business such as business law, management, marketing, economics, and finance. The 18 semester hours (27 quarter hours) shall include no more than six semester hours (nine quarter hours) in one area.

(a) Subsequent to successful passage of the exam, the ~~candidate~~ applicant, to be certified or licensed as a public accountant, must have graduated from a college or university then accredited to offer a baccalaureate degree.

(3) ~~A candidate~~ An applicant submitting an ~~initial application for an examination scores for an examination~~ administered in November, 1997 or thereafter, or ~~a candidate an applicant~~ whose approved application for examination has expired and is making reapplication for an examination ~~in after~~ after November, 1997 or thereafter, or ~~a candidate an applicant who applies by transfer of grades for after~~ the November, 1997 examination ~~or thereafter to be approved to sit for the examination~~, must have completed at least 24 semester hours of upper division (an upper division course is normally defined as a course taken at the junior or senior level and would exclude introductory courses in accounting and economics) or graduate level accounting courses including at least one course in each of the following subject areas to be approved to sit for the examination:

(a) through (d) remain the same.

(e) ~~has~~ at least 24 semester hours in business related courses. Examples of business related courses include information systems, business law, finance, economics, marketing, ethics, organizational behavior, quantitative applications in business, and communication skills;

~~(f) an upper division course is normally defined as a course taken at the junior or senior level and would exclude introductory courses in accounting and economics; and~~

(g) remains the same but is renumbered (f).

(4) through (4)(c) remain the same.

(d) ~~Northwest association of schools and~~ Commission of Colleges and Universities;

(e) through (6) remain the same.

AUTH: 37-1-131, 37-50-203, MCA

IMP: 37-1-131, 37-50-302, 37-50-303, 37-50-305, MCA

REASON: The board is amending this rule to clarify that applicants with exams prior to May 1996 must have graduated from an institution that was accredited when the exam was taken or when the applicant graduated. The board does not intend for an applicant to be negatively affected if a once accredited institution later loses its accreditation. The board is amending (4)(d) to correct reference to the portion of the disbanded Northwest Association of Schools and Colleges that remains as a regional accrediting agency.

24.201.502 ACCOUNTING AND AUDITING EXPERIENCE

REQUIREMENTS (1) To be issued an initial permit to practice under 37-50-203~~(2)(g)~~, MCA, an applicant must provide evidence of "~~adequate~~" acceptable accounting and auditing experience.

(2) Accounting and auditing experience will be considered ~~adequate~~ acceptable by the board if satisfactory evidence is presented of having performed accounting and auditing functions ordinarily required in the practice of public accounting, provided this experience:

(a) be attested to by a holder of a permit to practice;_i and
(b) takes place in the five years prior to the date of the application for permit to practice;_i and

(c) includes at least:

(e)(i) ~~includes at least~~ 12 calendar months (2000 hours actual work experience) with at least 500 hours of attest oriented experience requiring application of generally accepted standards and issuance of reports requiring application of generally accepted accounting principles. The prescribed experience may be fulfilled from a combination of attest experience having as its objective financial audits, compliance audits, reviews, ~~and~~ compilations, or internal financial audits;_i or

(ii) ~~includes at least~~ 24 calendar months (4000 hours actual work experience) of private, governmental, or public accounting work acceptable to the board.

AUTH: 37-1-131, ~~37-50-201~~, 37-50-203, MCA

IMP: 37-1-131, ~~37-50-201~~, 37-50-203, MCA

24.201.510 EXAMINATIONS (1) through (4) remain the same.

(5) The passing score on each section is 75, subject to the granting of credit requirements of ARM ~~24.201.512 and~~ 24.201.516.

(6) remains the same.

(7) Eligible applicants shall make the necessary contacts to schedule the time and place for examination at an approved test site and pay all applicable fees. Once the ~~candidate~~ applicant obtains a notice to schedule from the board or the board's contractor, the applicant has six months to sit for the scheduled test section(s). If the time expires without sitting for the test section(s) applied for, the applicant ~~will need to~~ shall reapply.

(8) remains the same.

AUTH: 37-1-131, 37-50-204, ~~37-50-308~~, MCA

IMP: 37-1-131, 37-50-204, 37-50-302, 37-50-303, ~~37-50-308~~, MCA

24.201.516 GRANTING OF EXAMINATION CREDIT (1) and (2) remain the same.

AUTH: 37-50-204, ~~37-50-308~~, MCA

IMP: 37-50-204, 37-50-302, 37-50-303, ~~37-50-308~~, MCA

24.201.517 ACCEPTANCE OF EXAMINATION CREDITS (1) In order for credits for passing the Uniform Certified Public Accountant's Accountant Examination to be recognized by the board, ~~a candidate~~ an applicant who has never held a certificate as a certified public accountant, or a license as a licensed public accountant in any state must have earned those credits under circumstances ~~and conditions identical~~ comparable to the circumstances and conditions those applicable to Montana ~~candidates~~ applicants at the time those credits were earned. Those circumstances and conditions include the conditioning requirements for accumulation of examination credits, if the applicant did not pass all required parts of the examination on the first attempt.

AUTH: 37-1-131, 37-50-203, MCA

IMP: 37-50-302, 37-50-303, 37-50-309, MCA

24.201.518 EXAMINATION CREDITS - OUT-OF-STATE CANDIDATES APPLICANTS (1) The board will recognize credits for any part of the computer-based Uniform Certified Public Accountant Examination passed in other jurisdictions, provided those credits meet the requirements ~~of adopted pursuant to~~ 37-50-204, MCA, and the applicable rules of the board, and were earned under circumstances comparable to those in Montana.

(2) remains the same.

(a) meet the requirements ~~of adopted pursuant to~~ 37-50-204, MCA; and

(b) were earned under circumstances comparable to those in Montana; ~~and~~

~~(c) timely qualify for conditional credit pursuant to ARM 24.201.512.~~

AUTH: 37-50-204, ~~37-50-308~~, MCA

IMP: 37-50-204, 37-50-302, 37-50-303, ~~37-50-308~~, 37-50-309, MCA

REASON: The board is deleting (2)(c) from this rule to match the repeal of ARM 24.201.512 in this notice.

24.201.524 CHEATING (1) Cheating by ~~a candidate~~ an applicant in applying for, taking, or subsequent to taking the examination will ~~be deemed to~~ invalidate any score otherwise earned by ~~a candidate~~ an applicant on any test section of the examination. Cheating may warrant summary expulsion from the test site, and disqualification by the board from taking the examination for a specified period of time. For purposes of this rule, the following actions or attempted activities, among others, ~~may be~~ are considered cheating:

(a) remains the same.

- (b) communication between ~~candidates~~ applicants inside or outside the test site or copying another ~~candidate's~~ applicant's answers while the examination is in progress;
- (c) remains the same.
- (d) substitution of another person to sit in the test site in place of a ~~candidate~~ an applicant;
- (e) reference to crib sheets, textbooks or other material, or electronic media (other than that provided to the ~~candidate~~ applicant as part of the examination) inside or outside the test site while the examination is in progress;
- (f) remains the same.
- (g) retaking or attempting to retake a test section by an individual holding a valid certificate or by a ~~candidate~~ an applicant who has unexpired credit for having already passed the same test section, unless the individual has been directed to retake a test section pursuant to board order or unless the individual has been expressly authorized by the board or testing service to retake the test section.

AUTH: 37-50-204, ~~37-50-308~~, MCA

IMP: 37-50-204, 37-50-302, 37-50-303, ~~37-50-308~~, MCA

24.201.528 LICENSURE OF OUT-OF-STATE APPLICANTS (1) The board may ~~waive the requirement of examination for those holders~~ issue a certificate, license, or permit to practice to a holder of certificates or licenses, then in full force and effect a current and unencumbered certificate, license, or permit to practice issued under the laws of another state ~~and issue a certificate or license and permit to practice upon:~~ the applicant's meeting the applicable requirements established under 37-50-203, 37-50-302, 37-50-303, and 37-50-314, MCA, and the rules established thereunder.

~~(a) meeting the requirements established under 37-50-302 and 37-50-303, MCA, and regulations established thereunder.~~

~~(b) meeting the requirements established under 37-50-203(2)(g), MCA, and the regulations established thereunder.~~

~~(c) meeting the requirements established under 37-50-314, MCA, and the regulations established thereunder.~~

(2) The board may ~~waive the education requirements and~~ issue a certificate, or license, or permit to practice to a holder of a certificate, license, or permit issued by another state upon a the applicant's showing that:

(a) the applicant passed the examination required for issuance of the applicant's certificate or license with grades that would have been passing grades at the time in this state;

(b) the applicant has had five ~~year's~~ years' experience in the practice of public accountancy after passing the examination upon which the applicant's certificate or license was based, within the ten years immediately preceding the application; and

(c) the applicant's certificate, license, or permit was issued more than four years prior to the application for issuance of an initial certificate in this state, ~~that~~ and

(d) the applicant has fulfilled the requirements of continuing professional education ~~meeting the requirements~~ established under 37-1-306 and 37-50-314, MCA, ~~and the regulations established thereunder.~~

(3) remains the same.

AUTH: 37-50-203, 37-50-309, ~~37-50-311, 37-50-312, 37-50-313, 37-50-317,~~
MCA

IMP: 37-1-304, 37-1-306, 37-50-311, 37-50-312, 37-50-313, 37-50-314, ~~37-50-317,~~ MCA

24.201.529 LICENSURE OF FOREIGN-TRAINED APPLICANTS (1) The board may grant a certificate, license, or permit to practice to a foreign-trained applicant if all of the ~~regulations~~ requirements established under ARM 24.201.528 regarding out-of-state applicants have been met, or by meeting the following requirements:

(a) the applicant has met the issuing body's education requirement and has passed the issuing body's examination used to qualify its ~~own domestic candidates applicants~~. The board may, in its discretion, rely on the International Qualifications Appraisal Board (IQAB) for evaluation of foreign credential equivalency;

(b) ~~all held the applicant's~~ foreign and/or domestic credentials must be valid and in good standing at the time of application;

(c) the applicant must successfully have passed ~~pass~~ a uniform qualifying examination to ensure that the holder possesses ~~possess~~ adequate knowledge of national practice standards. The board may, in its discretion, rely on the National Association of State Boards of Accountancy (NASBA), the American Institute of Certified Public Accountants (AICPA), or other professional bodies to develop, administer, and grade such a qualifying examination;

(d) the applicant must take and pass the open book AICPA ethics course;

(e) the applicant must provide evidence of having met an equivalent experience requirement obtained under the supervision or direction of a chartered accountant, Mexicano de Contradores Publicos, certified public accountant, or licensed public accountant permitted to practice in the original jurisdiction in order to be issued an initial permit to practice;

(f) the applicant must meet the continuing professional education requirements established under 37-1-306 and 37-50-314, MCA, ~~and the regulations established thereunder~~ in order to be issued an initial permit to practice; and

(g) the foreign authority granting the designation to the applicant must ~~make a similar provision to allow~~ extend reciprocity to a person who holds a valid certificate, license, or permit to practice issued by this state ~~to obtain such foreign authority's comparable designation.~~

AUTH: 37-1-131, 37-50-203, MCA

IMP: 37-1-306, 37-50-311, 37-50-312, 37-50-314, MCA

REASON: There is reasonable necessity to amend this rule and add to the board-accepted supervisors of foreign-educated applicants. The board's process to grant reciprocal certificates and licenses to foreign accountants is based on professional

competence and its objective is to provide international reciprocity to qualified individuals without imposing arbitrary or unnecessary restrictions. The board is adding the Mexicano de Contradores Publicos because the board determined they are qualified to supervise by holding the equivalent credential to chartered accountants, certified public accountants, or licensed public accountants.

24.201.535 REACTIVATION OF INACTIVE AND REVOKED STATUS

(1) A licensee may place the license on inactive status (certificate/license maintenance) by either indicating on the renewal form that inactive status is desired, or by informing the board office, in writing, that an inactive status is desired, and paying the appropriate fee. It is the sole responsibility of the inactive licensee to keep the board informed as to any change of address during the period of time the license remains on inactive status.

(2) A licensee may not practice accounting in the state of Montana while the license is on in an inactive status.

(3) remains the same.

~~(4) Upon application and payment of the appropriate fee, the board may reactivate a revoked license provided the following requirements are met:~~

~~(a) submits written petition stating the reasons for requesting reactivation and outlining employment since certificate or permit was revoked;~~

~~(b) presents satisfactory evidence that the applicant has complied with the continuing education requirements of the board under ARM 24.201.2106 if applying for a permit to practice; and~~

~~(c) submits certification from the licensing body of all jurisdictions where the licensee is licensed or has practiced that the applicant is in good standing and has not had any disciplinary actions taken against the applicant's license, or if the applicant is not in good standing by that jurisdiction, an explanation of the nature of the violation(s) resulting in that status, including the extent of the disciplinary treatment imposed.~~

~~(5) Certificate or license holders who are fully retired from active employment will be exempt from paying annual renewal fees upon submitting a retired status request form to the board and receiving approval.~~

AUTH: 37-1-319, 37-50-203, MCA

IMP: 37-1-319, MCA

REASON: There is reasonable necessity to delete (4) and (5) from this rule as the provisions have been moved to New Rules II and III in this notice.

24.201.704 INDEPENDENCE ~~(1) A firm or permit holder shall not express an opinion on financial statements of an enterprise in such a manner as to imply that he is acting as an independent public accountant with respect thereto unless he is independent with respect to such enterprise. Independence will be considered to be impaired if, for example:~~

~~(a) During the period of his professional engagement, at the time of expressing his opinion, the firm or permit holder;~~

- ~~(i) had or was committed to acquire any direct or material indirect financial interest in the enterprise, or~~
- ~~(ii) was a trustee of any trust or executor or administrator of any estate if such trust or estate had or was committed to acquire any direct or material indirect financial interest in the enterprise, or~~
- ~~(iii) had any joint closely-held business investment with the enterprise or any officer, director or principal stockholder thereof which was material in relation to the net worth of either the firm or permit holder or the enterprise, or~~
- ~~(iv) had any loan to or from the enterprise or any officer, director or principal stockholder thereof other than loans of the following kinds made by a financial institution under normal lending procedures, terms and requirements:~~
 - ~~(A) loans obtained by the firm or permit holder which are not material in relation to the net worth of the borrower, and~~
 - ~~(B) home mortgages, and~~
 - ~~(C) other secured loans, except those secured solely by a guarantee of the firm or permit holder.~~
- ~~(b) during the period covered by the financial statements, during the period of the professional engagements, or at the time of expressing an opinion, the firm or permit holder:~~
 - ~~(i) was connected with the enterprise as a promoter, underwriter or voting trustee, a director or officer or in any capacity equivalent to that of a member of management or of an employee, or~~
 - ~~(ii) was a trustee for any pension or profit sharing trust of the enterprise.~~
- ~~(2) The foregoing examples are not intended to be all inclusive.~~
- (1) Independence, where required by professional standards, is essential to establishing and maintaining the public's faith and confidence in, and reliance on, the information reported on by the licensee. A licensee in the practice of public accounting shall be independent in fact and appearance when engaged to provide services where independence is required by professional standards.
 - (a) Independence in fact is the state of mind that permits a licensee to perform an attest service without being affected by influences that compromise professional judgment, thereby allowing the licensee to act with integrity and exercise objectivity and professional skepticism.
 - (b) Independence in appearance is the avoidance of circumstances that would cause a reasonable and informed third-party, having knowledge of all relevant information, to reasonably conclude that the integrity, objectivity, or professional skepticism of the licensee had been compromised.

AUTH: 37-1-131, 37-50-203, MCA

IMP: 37-1-131, 37-50-203, ~~37-50-321~~, MCA

REASON: The board determined it is reasonably necessary to amend this rule to update the provisions on independence to current professional standards generally accepted within the profession of public accounting.

24.201.705 INTEGRITY AND OBJECTIVITY (1) ~~A firm or permit holder shall not in the performance of professional services knowingly misrepresent facts,~~

~~nor subordinate his judgement to another. In tax practice, however, a firm or permit holder may resolve doubt in favor of his client as long as there is a reasonable support for his position.~~ Integrity is a character trait demonstrated by acting honestly, candidly, and not knowingly misrepresenting facts, accommodating deceit, or subordinating ethical principles. Acting with integrity is essential to maintaining credibility and public trust. It incorporates both the spirit and substance in the application of the ethical and technical standards that govern the profession, or in the absence thereof, what is just and right. A licensee shall act with integrity in the performance of all professional activities in whatever capacity performed.

(2) Objectivity is a distinguishing feature of the accounting profession and is critical to maintaining the public's trust and confidence. It is a state of mind that imposes the obligation to be impartial and free of bias that may result from conflicts of interest or subordination of judgment. Objectivity requires a licensee to exercise an appropriate level of professional skepticism in carrying out all professional activities. Although a licensee may serve multiple interests in many different capacities, objectivity must be maintained. A licensee shall make a careful assessment of the effects on objectivity of all professional relationships and activities. A licensee shall maintain objectivity in the performance of all professional activities in whatever capacity performed.

AUTH: 37-1-131, 37-50-203, MCA

IMP: 37-1-131, 37-50-203, ~~37-50-321~~, MCA

REASON: It is reasonably necessary to amend this rule to update the provisions on integrity and objectivity to current professional standards generally accepted within the profession of public accounting.

24.201.706 COMPETENCE (1) A firm or permit holder shall not undertake any engagement for the performance of professional services unless ~~he complies with~~ the following general standards are met:

~~(a) professional competence – A~~ a firm or permit holder shall undertake only those engagements which ~~he or his the firm or permit holder~~ can reasonably expect to complete with professional competence, including compliance where applicable, with ~~ARM 24.201.715 and 24.201.716~~ [NEW RULE V];

~~(b) due professional care – A firm or permit holder shall exercise due professional care in the performance of an engagement;~~

~~(b)(c) planning and supervision – A~~ a firm or permit holder shall adequately plan and supervise an engagement; and

~~(c)(d) sufficient relevant data – A~~ a firm or permit holder shall obtain sufficient relevant data to afford a reasonable basis for conclusions or recommendations in relation to an engagement.

AUTH: 37-1-131, 37-50-203, MCA

IMP: 37-1-131, 37-50-203, ~~37-50-321~~, MCA

REASON: There is reasonable necessity to amend this rule to coordinate the provisions regarding due professional care in New Rule IV.

24.201.707 DISCREDITABLE ACTS (1) A firm, permit holder, certificate holder, or license holder shall not commit any act discreditable to the profession. A discreditable act will be considered to have occurred if, for example:

(a) a firm or permit holder retains any records rightfully belonging to the client in order to enforce payment of fees.

(b) ~~a firm or permit holder fails to follow required standards or procedure required in governmental audits and does not disclose in his report the fact that such requirements were not followed and the reasons therefor. Engagements for audits of government grants, government units or other recipients of government monies typically require that such audits be in compliance with government audit standards, guides, procedures, statutes, rules, and regulations, in addition to generally accepted auditing standards. If a member has accepted such an engagement and undertakes an obligation to follow specified government audit standards, guides, procedures, statutes, rules and regulations, in addition to generally accepted auditing standards, he is obligated to follow such requirements.~~

AUTH: 37-1-131, 37-50-203, MCA

IMP: 37-1-131, 37-50-203, ~~37-50-321~~, MCA

REASON: The board is amending this rule to coordinate with the provisions of New Rule V regarding applicable technical profession accounting standards.

24.201.709 COMMISSIONS (1) A firm or permit holder shall not pay a commission to obtain a client, nor accept a commission for ~~a referral to a client of products or services of others when the firm or permit holder also performs for that client any services for which professional standards require independence referring the products or services of others to a client.~~ This prohibition applies during the period in which the firm or permit holder is engaged to perform any services requiring independence and the period covered by those services.

(2) through (4) remain the same.

AUTH: 37-1-131, 37-50-203, MCA

IMP: 37-1-131, 37-50-203, ~~37-50-321~~, MCA

24.201.710 CONTINGENT FEES (1) through (3) remain the same.

AUTH: 37-1-131, 37-50-203, MCA

IMP: 37-1-131, 37-50-203, ~~37-50-321~~, MCA

24.201.720 CONFIDENTIAL CLIENT INFORMATION CONFIDENTIALITY

(1) ~~A firm or permit holder shall not without the consent of his client disclose any confidential information pertaining to his client obtained in the course of performing professional services. A licensee has an obligation to maintain the confidentiality of information obtained in the performance of all professional activities. Maintaining such confidentiality is vital to the proper performance of the licensee's professional activities. A licensee shall not use or disclose, or permit~~

others within the licensee's control to use or disclose, any confidential client or employer information without the consent of the client or employer. This obligation of confidentiality continues after the termination of the relationship between the licensee and the client or employer and extends to information obtained by the licensee in professional relationships with prospective clients and employers.

(a) This rule must not be construed to prohibit a licensee from disclosing information as required to meet professional, regulatory, or other legal obligations.

~~(2) This rule does not:~~

~~(a) relieve a firm or permit holder of any obligations under ARM 24.201.715 and 24.201.716, or~~

~~(b) affect in any way a firm or permit holder's obligation to comply with a validly issued subpoena or summons enforceable by order of a court, or~~

~~(c) prohibit disclosures in the course of a quality review of a firm or permit holder's professional service, or~~

~~(d) preclude a firm or permit holder from responding to any inquiry made by the board or any investigative or disciplinary body established by law or formally recognized by the board, or~~

~~(e) relieve a firm or permit holder of the requirement to file reports under ARM 24.201.1107.~~

~~(3)~~(2) Members of the board and professional practice reviewers shall not disclose any confidential client information which comes to their attention from firms or permit holders in disciplinary proceedings or otherwise in carrying out their responsibilities, except that they may furnish such information to an investigative or disciplinary body of the kind referred to above requiring compliance with state law.

AUTH: 37-1-131, 37-50-203, MCA

IMP: 37-1-131, 37-50-203, ~~37-50-321~~, MCA

REASON: It is reasonably necessary to amend this rule to update the provisions on confidentiality to current professional standards generally accepted within the profession of public accounting.

24.201.723 RECORDS (1) A firm or permit holder shall furnish to ~~his~~ the client or former client, upon request made within a reasonable time after original issuance of the document in question:

(a) a copy of a tax return of the client; ~~and~~

(b) a copy of any report, or other document, issued by the firm or permit holder to or for such client; ~~and~~

(c) any accounting or other records which the firm or permit holder obtained from or on behalf of, the client which the firm or permit holder removed from the client's premises or received for the client's account, but the firm or permit holder may make and retain copies of such documents when they form the basis for work done by ~~him~~ the firm or permit holder; and

(d) remains the same.

(2) Examples of working papers that are considered to be a client's records ~~would~~ include:

(a) and (b) remain the same.

(c) all adjusting and closing journal entries and supporting details. (If supporting details are not fully set forth in the explanation of the journal entry, but are contained in analyses of accounts in the accountant's working papers, then copies of such analyses must be furnished to the client.); or

(d) remains the same.

(3) Retention by a firm or permit holder of clients records after a demand is made for them is an act discreditable to the profession in violation of ARM 24.201.707.

(4) A firm's or permit holder's working papers are ~~his~~ the firm's or permit holder's property and need not be surrendered to the client. Any working papers developed by the firm or permit holder incident to the performance of ~~his~~ the engagement which do not result in changes in the ~~clients'~~ client's records or are not in themselves part of the records ordinarily maintained by such clients, are considered to be solely "accountant's working papers" and are not the property of the client. If the firm or permit holder has retained ~~in his files~~ file copies of a client's records already in possession of the client, the firm or permit holder is not required to return such copies to the client.

AUTH: 37-1-131, 37-50-203, MCA

IMP: 37-1-131, 37-50-203, ~~37-50-321~~, MCA

24.201.726 ADVERTISING (1) A firm or permit holder shall not use or participate in the use of any form of public communication ~~having reference to his~~ referencing professional services which contains a false, fraudulent, misleading, deceptive, or unfair statement or claim including, but is not limited to, a statement or claim which:

(a) contains a misrepresentation of fact; ~~or~~

(b) is likely to mislead or deceive because it fails to make full disclosure of relevant facts; ~~or~~

(c) contains any testimonial or laudatory statement, or that is not based on verifiable facts; ~~or~~

(d) is intended or likely to create false or unjustified expectations of favorable results; ~~or~~

(e) implies educational or professional attainments or licensing recognition not supported in fact; ~~or~~

(f) states or implies that the firm or permit holder has received formal recognition as a specialist in any aspect of the practice of public accountancy, if this is not the case; ~~or~~

(g) represents that professional services can or will be competently performed for a stated fee when this is not the case, or makes representations with respect to fees for professional services that do not disclose all variables affecting the fees that will in fact be charged; ~~or~~

(h) implies the ability to influence any court, tribunal, regulatory agency, or similar body or official; or

(i) contains other representations or implications that in reasonable probability ~~will~~ would cause an ordinarily prudent person to misunderstand or be deceived.

AUTH: 37-1-131, 37-50-203, MCA

IMP: 37-1-131, 37-50-203, ~~37-50-321~~, MCA

24.201.1102 DEFINITIONS As used in this subchapter:

(1) "Practice unit" means:

(a) each permit holder who practices public accounting as an individual or sole proprietor; ~~or~~

(b) each separate office of a sole proprietorship, partnership, or professional corporation which practices public accounting; ~~or~~

(c) a governmental organization which employs a permit holder in a public accounting capacity.

(2) "Peer review" means a review under a formal peer review program sponsored by the division of firms of the American Institute of Certified Public Accountants (AICPA) or such other formal peer review program approved by the Board of Public Accountants (board).

AUTH: 37-50-203, MCA

IMP: 37-50-203, MCA

24.201.1106 STATEMENT BY PERMIT HOLDERS (1) and (2) remain the same.

(a) sign reports which indicate an expert knowledge of accounting or auditing; ~~or~~

(b) remains the same.

(c) are members of a practice unit and ~~who~~ have the final authority to issue a report that indicates an expert knowledge of accounting or auditing.

(3) remains the same.

(a) do not sign reports which indicate an expert knowledge of accounting or auditing; ~~or~~

(b) through (4) remain the same.

AUTH: 37-50-203, MCA

IMP: 37-50-203, MCA

24.201.1107 FILING OF REPORTS (1) remains the same.

(a) an audit report (including the complete financial statements reported on); ~~or~~

(b) a review report (including the complete financial statements reported on); ~~or~~

(c) remains the same.

(d) if reports mentioned in (1)(a), (b), or (c) ~~above~~ have not been issued, any other report (complete with the information reported on) that indicates the permit holder has expert knowledge of accounting or auditing.

(2) The board may require a permit holder to submit workpapers prepared in support of the reports issued in (1)(a) and (b) ~~above~~.

(3) The report submitted must have been issued within the period of time specified by the board. For reports submitted pursuant to (1)(c), the client's or employer's name and ~~similar~~ other identifying information must be deleted.

(4) This requirement will be satisfied by the submission of a report by the practice unit of which the permit holder is a member. One report filed by a practice unit may be used to meet the filing requirement for all members of that practice unit who are required to file a report.

AUTH: 37-50-203, MCA

IMP: 37-50-203, MCA

24.201.1108 ALTERNATIVES AND EXEMPTIONS (1) A practice unit which has undergone an AICPA or board-sanctioned peer review within three calendar years must file a copy of its peer review report, including letter of comments (if any), letter of responses (if any), and acceptance of the review report by the administering entity.

(2) The board reserves the authority to request a practice unit to submit a copy of any or all reports, financial statements, and supporting workpapers for engagements subject to peer review.

(3) remains the same.

AUTH: 37-50-203, MCA

IMP: 37-50-203, MCA

24.201.1111 PROFESSION MONITORING OF HOLDERS OF A SPECIAL PRACTICE PERMIT (1) The board will apply its profession monitoring program rules to each individual or business entity that is registered pursuant to 37-50-324, MCA. For individuals engaging in the practice of public accounting with a registered business entity (a "firm"), the monitoring program will apply to the firm, ~~not just~~ as well as the individual with a special practice permit.

(2) remains the same.

AUTH: 37-50-203, 37-50-323, MCA

IMP: 37-1-306, 37-50-203, ~~37-50-317~~, 37-50-323, 37-50-324, MCA

24.201.1115 PROFESSION MONITORING PROGRAM (PMP) REVIEWS AND ENFORCEMENT (1) ~~Reports~~ Profession monitoring program reports submitted shall be classified as either acceptable or not acceptable. Definitions of these terms are as follows:

(a) and (b) remain the same.

(2) Responses are required from those practice units whose reports are classified as not acceptable or from practice units that have submitted a peer review report that is other than unmodified. The board may also require a written comprehensive statement of future procedures to be followed that will ensure an improvement in the quality of future reports.

(3) For those practice units which are required to submit responses under (2), the board will consider the review of the practice unit in closed, executive session. The board may require one or more of the following actions:

(a) completion of specific CPE courses pursuant to ARM 24.201.2155;

(b) through (f) remain the same.

(g) withdrawal and/or reissuance of a report ~~all other sanctions allowed by 37-1-312, MCA.~~

(4) ~~The reports submitted to the board under this subchapter shall be subject to review, investigation and enforcement~~ enforcement coordinator will monitor practice unit compliance with board recommendations set forth under (3) and may refer noncompliant practice units to the screening panel for appropriate disciplinary action under subchapter 24.

AUTH: 37-1-319, 37-50-203, MCA

IMP: 37-1-312, 37-50-203, MCA

REASON: The board is amending this rule to align the processes for profession monitoring program reviews with current uniform statutes in Title 37, chapter 1, MCA, regarding compliance and disciplinary processes.

24.201.2137 CREDIT FOR FORMAL INDIVIDUAL STUDY PROGRAMS

(1) remains the same.

(a) Interactive self-study programs shall receive continuing education credit equal to the average completion time, if the sponsor is recognized and approved by NASBA's CPE quality assurance service (referred to as a NASBA QAS sponsor) or NASBA's national registry of CPE sponsors (referred to as a NASBA registry sponsor). An interactive self-study program is designed to use interactive learning methodologies that simulate a classroom learning process that provides significant ongoing, interactive feedback to the participant regarding ~~his or her~~ the participant's learning progress.

(b) ~~Noninteractive~~ All other interactive and noninteractive self-study programs receive continuing education credit equal to one-half of the average completion time.

(2) remains the same.

AUTH: 37-1-319, 37-50-201, 37-50-203, MCA

IMP: 37-1-306, 37-50-203, MCA

REASON: It is reasonable and necessary to amend this rule to add NASBA's registry sponsor to those entities approved by the board to recognize self-study programs. The board concluded that the NASBA registry adequately scrutinizes interactive self-study programs and notes that this amendment will broaden the CE opportunities available to licensees. The board is amending (1)(b) to clarify that all interactive and noninteractive self-study programs not recognized per (1)(a) will receive only half CE credit, to address confusion and questions among licensees.

24.201.2401 ANONYMOUS COMPLAINTS COMPLAINT PROCEDURE

~~(1) A person, government or private entity may submit a written complaint to the board charging a licensee or license applicant with a violation of board statute or rules, and specifying the grounds for the complaint.~~

~~(2) Complaints must be in writing, and shall be filed on the proper complaint form prescribed by the board.~~

~~(3) Upon receipt of the written complaint form, the board office shall log in the complaint and assign it a complaint number. The complaint shall then be sent to the licensee complained about for a written response. Upon receipt of the licensee's written response, both complaint and response shall be considered by the screening panel of the board for appropriate action including dismissal, investigation or a finding of reasonable cause of violation of a statute or rule. The board office shall notify both complainant and licensee of the determination made by the screening panel.~~

~~(4) If a reasonable cause violation determination is made by the screening panel, the Montana Administrative Procedure Act shall be followed for all disciplinary proceedings undertaken.~~

~~(5) (1) The screening panel board shall review anonymous complaints to determine whether appropriate investigative or disciplinary action may be pursued, or whether the matter may be dismissed for lack of sufficient information.~~

AUTH: 37-50-203, MCA

IMP: 37-1-307, 37-1-308, ~~37-1-309~~, MCA

REASON: The board is amending this rule to delete the provisions regarding the complaint process as unnecessary and redundant. Standardized complaint procedures are adequately set forth in statute in Title 37, chapter 1, MCA, and department policy.

24.201.2410 ENFORCEMENT AGAINST LICENSEES (1) remains the same.

(a) failure on the part of a holder of a certificate, license₁ or permit to ~~maintain compliance~~ comply with the requirements for issuance of a certificate, license₁ or annual permit including failure to comply with the profession monitoring rules of subchapter 11;

(b) remains the same.

(c) performance of any fraudulent act while holding a certificate, license₁ or permit issued under Title 37, chapter 50, MCA;

(d) and (e) remain the same.

AUTH: 37-1-131, 37-1-136, 37-1-319, 37-50-203, MCA

IMP: 37-1-136, 37-1-316, 37-1-319, MCA

24.201.2411 ENFORCEMENT PROCEDURES - INVESTIGATIONS AND PROFESSION MONITORING PROGRAM (PMP) REVIEW (1) The board may designate any person not a board member to serve as the enforcement coordinator to conduct or coordinate an investigation of complaints filed with the board and the review of PMP reports. During the investigative or review process, the report of the

enforcement coordinator or designated investigator or reviewer, the testimony, and PMP report, documents, and comments and responses gathered in the investigation and the pendency of the investigation or review shall be treated as confidential information by the board and its designees, and shall not be disclosed except to the extent deemed necessary in order to conduct the investigation or review or in compliance with 37-1-135, MCA, ~~for the public's right to know provided by Article II, section 9 of the Montana Constitution.~~

(2) The board may request assistance from permit holders having appropriate experience and competence to review reports submitted by the ~~positive~~ enforcement coordinator, or submitted under the profession monitoring rules of subchapter 11, ~~in the determination of reasonable cause for the board to initiate disciplinary proceedings.~~

(3) Upon the determination of the enforcement coordinator that a practice unit failed to follow board recommendations pursuant to ARM 24.201.1115 subsequent to an unacceptable PMP report, the enforcement coordinator shall inform the board of the noncompliance. The board may issue a formal complaint and refer the matter to the screening panel for appropriate disciplinary action.

AUTH: 37-1-136, 37-1-319, 37-50-203, MCA

IMP: 37-1-136, 37-1-316, 37-1-319, MCA

REASON: The board is determined it is reasonable and necessary to amend this rule to align the board's enforcement procedures for investigations and profession monitoring program review with current uniform statutes in Title 37, chapter 1, MCA, regarding the complaint and disciplinary processes.

5. The proposed new rules provide as follows:

NEW RULE I APPLICATION REVIEW (1) All applications, except those applications for a special practice permit, are considered nonroutine and must be reviewed by the board.

AUTH: 37-1-131, 37-50-203, MCA

IMP: 37-1-131, 37-50-203, MCA

REASON: There is reasonable necessity to adopt this new rule to clarify that all applications, other than special practice permit applications, must be reviewed by the board. Full board review has been the historical practice of the board because the board's professional qualifications are used when evaluating an applicant's experience. This new rule also clarifies that the department may process routine special practice permit applications without the board's direct involvement as evaluation of routine exam candidate qualifications is handled by the examination entity, and only nonroutine matters require the board's attention.

NEW RULE II REQUIREMENTS FOR PREVIOUSLY HELD CERTIFICATES, LICENSES, AND/OR PERMITS TO PRACTICE (1) Previously held certificates, licenses, and/or permits to practice that have been revoked or

terminated for disciplinary action or failure to renew may be reissued providing the following requirements are met:

- (a) board receipt of completed application and payment of the appropriate fee;
- (b) board receipt of a written petition stating the reasons for requesting reissuance and outlining employment since certificate, license, or permit was revoked or terminated;
- (c) board receipt of satisfactory evidence that the applicant has complied with the continuing education requirements of the board under ARM 24.201.2106 if applying for a permit to practice; and
- (d) board receipt of verification from the licensing body of all jurisdictions where the licensee is licensed or has practiced that the applicant is in good standing and has not had any disciplinary actions taken against the applicant's license, or if the applicant is not in good standing in that jurisdiction, an explanation of the nature of the violation(s) resulting in that status, including the extent of the disciplinary treatment imposed.

AUTH: 37-50-203, MCA

IMP: 37-1-141, 37-50-310, 37-50-314, MCA

REASON: It is reasonably necessary to adopt New Rule II and separately set forth the provisions for reactivating revoked, inactive, or terminated certificates, permits, and licenses. The substance of this rule was formerly combined with provisions for inactive and retired status at ARM 24.201.535.

NEW RULE III RETIRED STATUS (1) The holder of a certificate or license who is fully retired from active employment will be exempt from paying annual renewal fees upon submitting a retired status request form to the board and receiving approval.

(2) An individual on retired status may apply for certificate, license, or permit to practice renewal within two years of the renewal date by complying with the renewal requirements. A license that is not renewed within two years from the renewal date automatically terminates. An individual whose license has terminated may apply for reinstatement of a certificate, license, or permit to practice by complying with the requirements pursuant to [NEW RULE II].

AUTH: 37-1-131, MCA

IMP: 37-1-131, MCA

REASON: It is reasonably necessary to adopt New Rule III and separately set forth the provisions regarding retired status for certificate, license, or permit holders. The substance of this rule was formerly combined with provisions for inactive status and reactivating revoked, inactive, or terminated certificates, permits, and licenses at ARM 24.201.535.

NEW RULE IV DUE PROFESSIONAL CARE (1) Due care imposes upon the licensee the obligation to perform professional activities with concern for the best

interest of those for whom the activities are performed and consistent with the profession's responsibility to the public. It is essential to preserving the public's trust and confidence. Due care requires the licensee to discharge professional responsibilities with reasonable care and diligence and to adequately plan and supervise all professional activities for which the licensee is responsible. A licensee shall act with due care in the performance of all professional activities in whatever capacity performed.

AUTH: 37-1-131, 37-50-203, MCA

IMP: 37-1-131, 37-50-203, MCA

REASON: The board determined it is reasonable and necessary to adopt New Rule IV to adequately set forth current standards generally accepted in the profession regarding the duty of due professional care owed by a licensee. This new rule contains language being deleted from ARM 24.201.706, and recognizes the distinction between being technically competent in the field of public accounting and the obligation to exercise that competence in a diligent manner.

NEW RULE V APPLICABLE STANDARDS (1) A licensee shall comply with the standards set forth in this rule as applicable under the circumstances and at the time of service when providing professional services. In addition to the applicable standards set forth below, a licensee shall comply with the standards issued by other professional or governmental bodies including international standards setting bodies with which a licensee is required by law, regulation, or the terms of engagement to comply.

(2) The board incorporates by reference the following standards, as they exist as of July 1, 2007:

- (a) all of the standards promulgated by the Security Exchange Commission (SEC);
- (b) all of the standards promulgated by the Public Company Accounting Oversight Board (PCAOB);
- (c) all of the auditing standards issued by the American Institute of Certified Public Accountants (AICPA);
- (d) all of the standards for accounting and review services issued by AICPA;
- (e) all of the Statements on Standards for Attestation Engagements issued by the AICPA;
- (f) all of the standards for management consulting services (including the definition of such services) issued by the AICPA;
- (g) all of the standards for tax services issued by the AICPA;
- (h) all of the standards for accountants' services on prospective financial information issued by the AICPA;
- (i) all of the standards for governmental accounting issued by the Government Accounting Standards Board (GASB); and
- (j) all of the Statements of Financial Accounting Standards issued by the Financial Accounting Standards Board (FASB).

(3) The standards incorporated by reference are available at the professional resources or publication offices at the respective web sites:

- (a) www.sec.gov;
- (b) www.pcaob.org;
- (c) www.aicpa.org;
- (d) www.gasb.org; and
- (e) www.fasb.org.

AUTH: 37-50-203, MCA

IMP: 2-4-307, 37-50-203, MCA

REASON: The board is adopting New Rule V to incorporate by reference the standards licensees must follow when providing professional services. The board is repealing several outdated standards elsewhere in this notice and is replacing the repealed standards with those in this new rule. This list of current professional standards has been adopted by the accountancy boards in most U.S. states.

6. The rules proposed to be repealed are as follows:

24.201.506 PREVIOUS APPLICATIONS IN EFFECT found at ARM page 24-22565.

AUTH: 37-50-203, MCA

IMP: 37-50-311, 37-50-312, MCA

REASON: It is reasonably necessary to repeal ARM 24.201.506, 24.201.511, and 24.201.512 as obsolete and unnecessary because the computer-based examination has been in operation since April of 2004.

24.201.511 IMPLEMENTATION OF THE COMPUTER-BASED UNIFORM CERTIFIED PUBLIC ACCOUNTANT EXAMINATION found at ARM page 24-22567.

AUTH: 37-50-204, 37-50-308, MCA

IMP: 37-50-204, 37-50-302, 37-50-303, 37-50-308, MCA

24.201.512 TRANSITION RULE FOR APPLICANTS WHO HAVE PRE-COMPUTER-BASED EXAMINATION CONDITIONAL CREDIT found at ARM page 24-22568.

AUTH: 37-50-204, 37-50-308, MCA

IMP: 37-50-204, 37-50-302, 37-50-303, 37-50-308, MCA

24.201.715 AUDITING STANDARDS found at ARM page 24-22615.

AUTH: 37-50-203, MCA

IMP: 37-50-203, 37-50-321, MCA

REASON: The board is repealing ARM 24.201.715, 24.201.716, 24.201.717, and 24.201.719 as unnecessary because compliance with applicable accounting standards and principles is now set forth in New Rule V.

24.201.716 ACCOUNTING PRINCIPLES found at ARM page 24-22615.

AUTH: 37-50-203, MCA

IMP: 37-50-203, 37-50-321, MCA

24.201.717 OTHER TECHNICAL STANDARDS found at ARM page 24-22616.

AUTH: 37-50-203, MCA

IMP: 37-50-203, MCA

24.201.719 FORECASTS found at ARM page 24-22616.

AUTH: 37-50-203, MCA

IMP: 37-50-203, 37-50-321, MCA

7. Concerned persons may present their data, views, or arguments either orally or in writing at the hearing. Written data, views, or arguments may also be submitted to the Board of Public Accountants, 301 South Park Avenue, P.O. Box 200513, Helena, Montana 59620-0513, by facsimile to (406) 841-2323, or by e-mail to dlibsdpac@mt.gov, and must be received no later than 5:00 p.m., September 15, 2008.

8. An electronic copy of this Notice of Public Hearing is available through the department and board's site on the World Wide Web at www.publicaccountant.mt.gov. The department strives to make the electronic copy of this Notice conform to the official version of the Notice, as printed in the Montana Administrative Register, but advises all concerned persons that in the event of a discrepancy between the official printed text of the Notice and the electronic version of the Notice, only the official printed text will be considered. In addition, although the department strives to keep its web site accessible at all times, concerned persons should be aware that the web site may be unavailable during some periods, due to system maintenance or technical problems, and that technical difficulties in accessing or posting to the e-mail address do not excuse late submission of comments.

9. The Board of Public Accountants maintains a list of interested persons who wish to receive notices of rulemaking actions proposed by this board. Persons who wish to have their name added to the list shall make a written request that includes the name, e-mail, and mailing address of the person to receive notices and specifies the person wishes to receive notices regarding all Board of Public Accountants administrative rulemaking proceedings or other administrative proceedings. The request must indicate whether e-mail or standard mail is

preferred. Such written request may be sent or delivered to the Board of Public Accountants, 301 South Park Avenue, P.O. Box 200513, Helena, Montana 59620-0513, faxed to the office at (406) 841-2323, e-mailed to dlibsdpac@mt.gov, or made by completing a request form at any rules hearing held by the agency.

10. The bill sponsor notice requirements of 2-4-302, MCA, do not apply.

11. Anne O'Leary, attorney, has been designated to preside over and conduct this hearing.

BOARD OF PUBLIC ACCOUNTANTS
RICK REISIG, CPA, CHAIRPERSON

/s/ DARCEE L. MOE
Darcee L. Moe
Alternate Rule Reviewer

/s/ KEITH KELLY
Keith Kelly, Commissioner
DEPARTMENT OF LABOR AND INDUSTRY

Certified to the Secretary of State August 4, 2008